

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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In the Matter of )  
)  
Application by SBC Communications Inc., )  
Southwestern Bell Telephone Company, )  
Southwestern Bell Communications Services, Inc., )  
d/b/a Southwestern Bell Long Distance )  
for Authorization under Section 271 )  
of the Communications Act to )  
Provide In-Region, InterLATA Service )  
in the States of Kansas and Oklahoma )

CC Docket No. 00-217

Comments of  
Communications Workers of America

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## **Summary**

The Communications Workers of America (CWA) submits these comments in support of SBC's application for authority under Section 271 of the Communications Act to provide in-region, interLATA service in Kansas and Oklahoma. SBC has met the requirements of Section 271 of the Communications Act to open its local markets to competition. In addition, the Kansas Corporation Commission (KCC) and the Oklahoma Corporation Commission (OCC) performance monitoring programs, which require SBC to put \$45 million in Kansas and \$44 million in Oklahoma in bill credits at risk annually for non-compliance, provide adequate safeguards against backsliding by SBC and create incentives for SBC to engage in continuous improvement of its wholesale services.

SBC's entry into the long distance market in Kansas and Oklahoma is in the public interest. First, it will increase competition in the long distance market, particularly for residential consumers at a time when the Big Three long distance companies have indicated their intentions to retreat considerably from the residential consumer market. As SBC's experience in the Texas long distance market demonstrates, SBC's entry into long distance in Kansas and Oklahoma will lead to lower prices and new service offerings for consumers, particularly residential consumers. Second, SBC's entry into the long distance market in Kansas and Oklahoma will promote the

important goal of the 1996 Telecommunications Act to create good, high-wage jobs in the telecommunications industry.

CWA is in a unique position to comment on SBC's long distance application in Kansas and Oklahoma. CWA represents approximately 6,000 employees at SBC in Kansas and Oklahoma.<sup>1</sup> CWA represents the Southwestern Bell Telephone Company (SWBT) customer service representatives, technicians, and other occupational employees who work directly with wholesale customers in the dedicated wholesale regional customer care centers in Texas that serve competitors in Kansas and Oklahoma. CWA also represents employees at AT&T, primarily in its long distance operations, but also in some local service operations. Because CWA represents employees in all segments of the telecommunications industry, CWA must base its position regarding an application by a Bell Operating Company to provide long distance services on the factual evidence regarding Section 271 compliance in that state as well as on the public interest merits of the application. Based on the evidence, it is clear that in both Kansas and Oklahoma Southwestern Bell has satisfied the market opening requirements of Section 271 and that the public interest will be served by its entry into the long distance market. Therefore, CWA supports Commission approval of SBC's application in this proceeding.

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<sup>1</sup> CWA Membership Report, Oct. 2000. Nationally, CWA represents more than 740,000 employees who work in telecommunications and other public and private sector organizations. CWA represents more than 130,000 SBC employees across the nation.

## **I. SWBT Has Met the Market Opening Requirements of Section 271**

CWA concurs with the conclusion of the Kansas and Oklahoma Corporation Commissions that SWBT has met the requirements of Section 271 of the Communications Act to open its local network to competition. In Kansas, competitors serve 131,000 to 191,000 local telephone lines, with 37,000 to 98,000 of those lines through competitors' own facilities and 46,000 of those lines serving residential customers. Competitors in Kansas exchanged approximately 375 million minutes of traffic since January 1997 over 29,000 interconnection trunks. CLECs in Kansas now serve between 9 and 13 percent of all access lines in that state. SWBT has processed more than 560,000 CLEC orders in Kansas.<sup>2</sup> In Oklahoma, competitors serve between 115,000 and 170,000 local telephone lines, with 61,000 to 114,000 of those lines through competitors' own facilities and 49,000 of those lines serving residential customers. Competitors in Oklahoma exchanged more than 730 million minutes of traffic since January 1997 over 39,000 interconnection trunks. SWBT has processed more than 486,000 CLEC orders in Oklahoma.<sup>3</sup>

Further, Southwestern Bell has duplicated in Kansas and Oklahoma the market-opening initiatives that were developed in Texas and that were found by the DOJ and this Commission to

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<sup>2</sup> Brief in Support of Joint Application by Southwestern Bell for Provision of In-Region, InterLATA Services in Kansas and Oklahoma, *In the Matter of Application by SBC Communications Inc. for Authorization Under Section 271 of the Communications Act to Provide In-Region, InterLATA Services in Kansas and Oklahoma*, CC Docket No. 00-217, Oct. 26, 2000, ii-iii, 15-16 ("SBC Joint Application").

<sup>3</sup> SBC Joint Application, iii-iv and 18-19.

satisfy the requirements for section 271 relief. Southwestern Bell has deployed in Kansas and Oklahoma the same OSS systems, the same change management process, and the same performance measures that it uses in Texas. These systems, processes, and procedures were subject to an extensive two-year collaborative process by the Kansas and Oklahoma Corporation Commissions, including independent testing of SWBT's OSS under the auspices of the Texas Commission by independent auditor Telecordia. After their respective reviews, both the Kansas and Oklahoma Corporation Commissions concluded that Southwestern Bell satisfied all the requirements of the 14-point competitive checklist. For example, in each of the last three months for which data are available, SWBT met the Kansas and Oklahoma Commissions' parity or benchmark standards for more than 90 percent of the performance measures.<sup>4</sup> As the Commission noted in approving Bell Atlantic's entry into the long distance market in New York, parity with retail performance, rather than perfection, meets the checklist requirement of non-discriminatory access.<sup>5</sup> While CWA supports regulatory efforts to ensure that SWBT provides high-quality service in both its retail and wholesale operations, in the context of this Section 271 application, the record is clear that Southwestern Bell is providing service at or above parity with its retail operations, and therefore is in compliance with each and every checklist item.

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<sup>4</sup> *SBC Joint Application*, v.

<sup>5</sup> Memorandum Opinion and Order, *Application by Bell Atlantic-New York for Authorization Under Section 271 of the Communications Act to Provide In-Region InterLATA Services in the State of New York*, CC Docket No. 99-295, FCC 99-404 (rel. Dec. 22, 1999), 176.

## **II. SWBT Provides Non-Discriminatory Access to its Operations Support Systems**

The OSS that this Commission reviewed and approved in the Texas Order are the same systems, interfaces, resources, and procedures that SWBT provides to CLECs in Kansas and Oklahoma (and throughout its five-state region).<sup>6</sup> SWBT manages and operates its OSS centrally out of the Local Service Center (LSC). The LSC serves as the single point of contact for CLECs for pre-ordering, ordering/provisioning, and billing and collection. The LSC also executes complex transactions that are performed manually for both SWBT retail customers and CLECs. The LSC operates out of three facilities, one in Dallas, Tx. and two near the Alliance Airport in Fort Worth, Tx. CWA represents the customer service representatives, communications consultants, and clerical support employees who work in the LSC. As of August 2000, there were 1,224 employees in these three job titles, which represents a 130 percent increase in the staffing level of front-line LSC customer service employees since January of this year.<sup>7</sup>

One factor that the Commission should consider in its evaluation of SWBT's OSS operations is whether employee training and staffing levels at the LSC are at parity with training and staffing levels that SWBT provides to customer service personnel serving its own retail customers. Based on interviews CWA conducted with CWA-represented LSC customer service personnel, CWA

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<sup>6</sup> *SBC Joint Application*, 20-21.

<sup>7</sup> Joint Affidavit of Brian D. Noland and David R. Smith, 7. In January 2000 there were 550 employees in these three job titles. See CWA Comments, *In the Matter of Application by SBC Communications Inc. for Authorization under Section 271 of the Communications Act to Provide In-Region, Inter-LATA Service in the State of Texas*, CC

can affirm that SBC uses the same staffing center and qualifying test for its LSC personnel as those used in its retail organization; provides LSC customer service representatives with similar training to that received by retail representatives but customized to address wholesale methods and procedures; and uses similar performance evaluation and appraisal methods as those in its retail operation.<sup>8</sup> As noted earlier, staffing levels of LSC front-line personnel have increased substantially over the past 10 months to keep up with growing service demand. In addition, CWA-represented LSC customer service personnel reported to CWA that they use the same on-line systems to assist CLECs in pre-ordering and ordering as are used by SWBT retail service representatives (in addition to specially-designed systems for use by CLECs only).<sup>9</sup> In summary, CWA concludes that on the measures of training, staffing, and support systems, service provided by LSC customer service personnel to CLECs is at parity with that provided by SWBT retail customer service representatives.

### **III. SWBT is Using Skilled, Trained Personnel to Provide Wholesale Competitors with Unbundled Loops**

SWBT provides provisioning, turn-up and acceptance testing of all interconnection facilities and unbundled elements as well as receipt of maintenance reports for all resold POTS services on a regional basis. SWBT has established the Local Operations Center (LOC), located in three

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Docket No. 00-04, Jan. 31, 2000, 5 (“*CWA Comments on SBC’s Long Distance Application in Texas*”).

<sup>8</sup> *Id.*, 6.

<sup>9</sup> *Id.*, 5-8.

facilities, two in Fort Worth, Tx. and one in Dallas, Tx., as the single point of contact for CLECs to perform these functions. CWA represents the approximately 345 network center technicians, customer service representatives, service representatives, and clerical employees who work in the LOC.<sup>10</sup> This represents a 150 percent increase in employment of front-line LOC technical and service personnel since January 2000.<sup>11</sup>

In its evaluation of SWBT's service to competitors of unbundled loops, the Commission should evaluate whether SWBT has adequately trained, staffed, and implemented procedures to provide CLECs with provisioning, turn-up, acceptance testing, maintenance and repair which is at parity with SWBT's retail customers.<sup>12</sup> CWA interviews with CWA-represented LOC technicians and customer service representatives confirm that SWBT's LOC personnel are SWBT career employees who have received the same training and must pass the same tests as employees in similar positions in SWBT's retail operations. LOC technicians have been specially trained regarding hot cut procedures and are required to use a detailed logging process to track the progress of each Coordinated Hot Cut (CHC). They have been instructed to "bend over backwards" to meet assigned due dates and to treat CLEC maintenance and repair trouble reports as "hotter tickets" than those of SWBT's retail customers.<sup>13</sup> As noted earlier, SWBT has

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<sup>10</sup> Noland/Smith Joint Affidavit, 9.

<sup>11</sup> There were 135 technicians and customer service personnel in the LOC in January 2000. *CWA Comments On SBC's Long Distance Application in Texas*, 8.

<sup>12</sup> *Id.*, 8.

<sup>13</sup> *Id.*, 9-10.



increased staffing in the LOC as workload increases. In sum, CWA concludes that on the measures of training, staffing, and hot cut procedures, service provided by LSC technicians to CLECs is at parity with that provided by SWBT technicians to SWBT's retail customers.

#### **IV. SBC Entry into Long Distance Is in the Public Interest**

SBC has met the requirements of the 1996 Act to open its local market to competition. The Commission need not fear backsliding by SBC. SBC has agreed to comprehensive performance assurance plans in both Kansas and Oklahoma that require SBC to put \$45 million in Kansas and \$44 million in Oklahoma in refunds at risk each year if SWBT fails to meet the rigorous performance standards. The performance assurance plans that SWBT has proposed in Kansas and Oklahoma closely mirror the Texas performance assurance plan, which this Commission approved in its Texas Order.

SBC's entry into long distance in Kansas and Oklahoma is clearly in the public interest. It will enhance consumer choice at a time in which the Big Three long distance companies (AT&T, MCI WorldCom, and Sprint) have all announced business strategies that signal a retreat from the consumer residential market.<sup>14</sup> This Big Three shift in business focus away from the residential

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<sup>14</sup> AT&T News Release, "AT&T to Create Family of Four Companies," Oct. 25, 2000; "Sprint to Set Up Unit for Internet Services for Business Clients," *Wall Street Journal*, Nov. 13, 2000, A4 ("Sprint has said it will 'de-emphasize that (consumer long-distance) business..."; "WorldCom, Inc. slashes Targets for Growth," *Wall Street*

market makes it all the more imperative that the Commission act expeditiously in this proceeding. SBC has shown its commitment to compete for residential long distance consumers in Texas and Connecticut, the two states in which it is currently allowed to provide long distance service.

The evidence in Texas strongly demonstrates that SBC's long distance offerings have provided concrete benefits to consumers, particularly to residential customers, in the form of lower prices and new and bundled service offerings. Three months after SBC was allowed into the long distance market in Texas, SBC was serving more than one million customers with 1.2 million long distance lines, 10 percent of the Texas long distance market.<sup>15</sup> SBC's long-distance service plans in Texas offer customers a low per-minute charge with no monthly minimum or monthly recurring charge. SBC also bundles local access with xDSL or DirectTV and a long distance rate of six cents per minute with no additional fees. In response to SBC's long distance rate plans and all-inclusive bill, AT&T, MCI WorldCom, and Sprint began to offer discounts on their long distance plans to customers who signed up for local service and reduced intrastate rates. Long distance carriers in Texas are also responding by leveraging advanced technologies—AT&T, for example, has selected Texas as one of its test grounds for cable telephony.<sup>16</sup> Clearly, the evidence is in that SBC's entry into long distance in Texas has provided consumers with lower prices and

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*Journal*, Nov. 2, 2000, A3 and A16 ("WorldCom said it will manage its consumer business to generate cash, not growth, meaning it won't put cash at risk to lure customers.").

<sup>15</sup> "SBC Reports Third-Quarter Earnings," Oct. 23, 2000.

new and better service offerings. The Commission should anticipate similar consumer benefits from Southwestern Bell entry into the long distance market in Kansas and Oklahoma.

Finally, SBC's entry into long distance is in the public interest because it will stimulate the growth of high-skilled, good jobs in Kansas and Oklahoma. As already noted, SBC's compliance with the 14-point market-opening checklist has resulted in growth of high-skilled, good jobs in SWBT's regional Local Service Center and Local Operations Center. In addition, SWBT's customer service workforce has grown apace with growth in its long distance operations. Unlike some of the long distance carriers, SWBT has been able to provide its combined long distance and local service customers with true one-stop customer service provided by a customer service representative trained and equipped with the systems necessary to handle inquiries regarding either service.

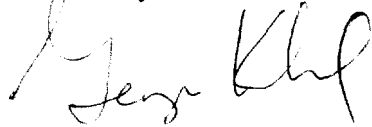
## **V. Conclusion**

The Commission should approve SBC's application to provide in-region, inter-LATA service in Kansas and Oklahoma. SBC has demonstrated that it has met Section 271's market-opening requirements in both states. SBC's entry into long distance in these markets will benefit consumers with greater choice, lower prices, and new service offerings. Finally, SBC's entry into long distance in these states will stimulate the growth of high-skilled, good jobs.

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<sup>16</sup> *SBC Joint Application*, 63-65.

Sincerely,

A handwritten signature in cursive script, appearing to read "George Kohl". The signature is written in dark ink on a white background.

George Kohl  
Assistant to the President/Director of Research

Dated: November 15, 2000